

Internal Audit Progress Report 2022/23

February 2023

New Forest National Park Authority



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

Contents:

1.	Role of Internal Audit	3
2.	Purpose of report	4
3.	Performance dashboard	5
4.	Analysis of 'Live' audit reviews	6
5.	Executive summaries 'Limited' and 'No' assurance opinions	8
6.	Planning and resourcing	10
7.	Rolling work programme	11

1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as an:

‘Independent, objective assurance and consulting activity designed to add value and improve an organisations’ operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes’.

The Authority is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Authority that these arrangements are in place and operating effectively.

The Authority’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation’s objectives.

2. Purpose of report

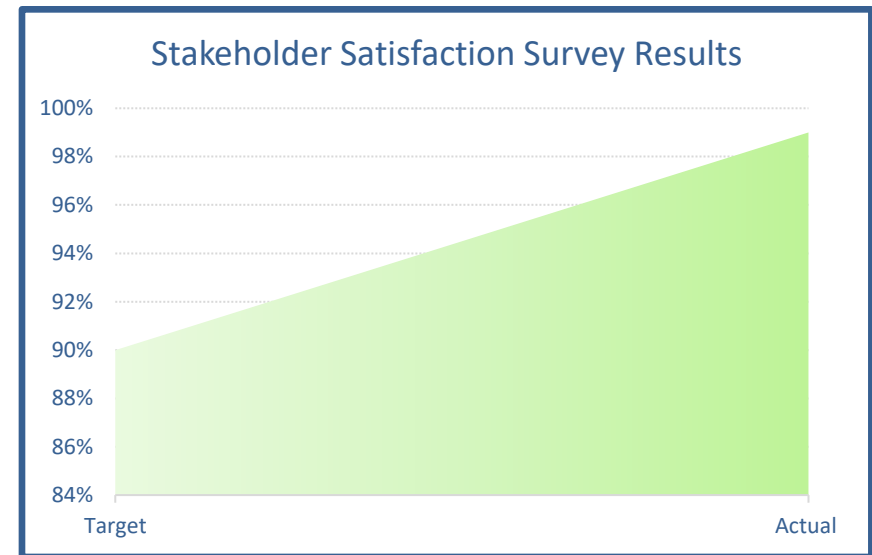
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'The mandatory elements of the International Professional Practices Framework (IPPF) include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.

It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.

We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).

We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Analysis of 'Live' audit reviews


Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)	Not Accepted	Not Yet Due	Complete	Overdue		
								L	M	H
Income Collection and Banking	May 21	CFO	Reasonable	1	0	0	0		1	
Accounts Payable *	May 21	CFO	Reasonable	2	0	0	2			
General Ledger and Reconciliations *	May 21	CFO	Reasonable	1	0	0	1			
Corporate Governance Framework for Members *	Jan 22	CFO	Reasonable	8	0	0	8			
Cyber Security Incident Remediation	Feb 22	CFO	Reasonable	10	0	0	7		2	1
Business Continuity/Disaster Recovery – Covid-19 Response	May 22	CFO	Reasonable	5	0	2	2		1	
ICT Policies and Procedures	Feb 23	CFO	Limited	12	0	10	2			
Total								0	4	1

* Denotes where all actions have been completed since the last progress report.

Update on the overdue actions

- Income Collection and Banking – This action relates to the completion of a Payment Card Industry Data Security Standard (PCI DSS) Self-Assessment. It is planned to complete the PCI DSS assessment by the end of April 2023.
- Cyber Security Incident Remediation – The development of a Cyber Security Incident Response Plan has been outsourced to a specialist provider who will work with the Authority during 2023 to develop and test the plans with internal processes and procedures updated accordingly by the end of December.
- Business Continuity/Disaster Recovery – Covid-19 Response. Work is underway to formally assess the action taken during the pandemic and identify lessons learned which will inform future updates (if applicable) to the Business Continuity Plans by the end of June 2023.

5. Executive Summaries of reports published concluding a 'Limited' or 'No' assurance opinion

IT Policies and Procedures		
Audit Sponsor	Assurance opinion	Management Actions
Chief Finance Officer (CFO)	 Limited	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;">Low 3</div> <div style="background-color: yellow; padding: 5px; text-align: center;">Medium 8</div> <div style="background-color: red; color: white; padding: 5px; text-align: center;">High 1</div> </div>

Summary of key observations:

Whilst in place and approved, the current ICT Policy was published in 2017 and a review was due in 2019. We acknowledge the ICT Policy is currently under a complete review with the aim to make it more readable, digestible and useful for staff. The current ICT Policy is available to all users on the staff intranet and applies to all employees, contractors, temporary staff and volunteers. The ICT Policy makes it clear to staff that usage of ICT may be monitored and non-compliance with the policy could lead to disciplinary action with line management responsible for ensuring their staff adhere to the policy. A review of data breaches to identify where the ICT Policy may have been broken found no examples where action under that policy was required.

Whilst IT Procedures are in place to ensure IT staff follow defined procedures consistently and are available to all IT staff on SharePoint or within PowerApps, we did not find evidence of regular review of IT procedures to ensure they are up to date and accurate. Business Continuity Planning documents have a review cycle defined but we could not evidence compliance with it.

There is an ICT Induction Checklist which includes the ICT Policy and other IT security guidance, but evidence of completion of the

induction is not retained so we cannot give assurance that all staff have completed it. The ICT Policy refers to all staff signing the last page to record agreement to it, however a decision was made shortly after publication that using ICT systems constituted agreement and therefore the signing instruction is not complied with. Members ICT use is not subject to the ICT Policy. During the review and approval process for the 2017 ICT Policy a decision was made to exclude Members from being subject to the policy due to the minimal use of IT at the time.

Training for staff on how to spot and avoid phishing attacks has been purchased and made available to staff but the training is not mandatory and approximately 25% of staff have not completed it. A fake phishing exercise has been run but there is no mandatory process to provide training, advice and guidance to staff who failed the test and would have compromised systems if it was a real attack.

Comparison of the policies and procedures in place for the organisation to ITIL 4 practices identified that it could be of benefit to consider introducing policies and procedures around Continual Service Improvement and IT Risk Management.

To address the issues identified, the new IT Policy will continue to be updated with a target date for approval in September 2023. As part of the update, consideration will be given as to whether this applies to Members and whether staff should sign the policy and how this would be achieved (potentially via the revised e-learning package due to go live after Easter 2023). Policies and procedures will be updated and new procedures will be written to cover the new planning system. Business Continuity / Disaster Recovery Plans will be reviewed and updated, with particular regard to updated ways of working post Covid-19. A full review of ICT training needs will be undertaken, including an assessment of mandatory/non-mandatory training and the method of delivery. Cyber Incident Response Plan training has been scheduled.

6. Planning & Resourcing

The Internal Audit Plan for 2022/23 was discussed by the Executive Board and approved by the Resources, Audit and Performance Committee on 07 March 2022. The original plan included a review of the new planning system however due to delayed implementation, it is proposed to defer the review to 2023/24 to enable the system to become embedded. To replace the Planning Audit, it is proposed to bring forward planned reviews of Treasury Management, Income Collection and Banking & Information Governance from 2023/24. The Information Governance audit will focus on the Authority's arrangements for responding to Freedom of Information (FOI) Requests, Environmental Information Requests (EIR), Subject Access Requests (SAR) and records management.

Progress against the plan is detailed within section 7.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
General Ledger, Reconciliations and Budgetary Control	CFO	✓	✓	✓				
ICT Policies and Procedures	CFO	✓	✓	✓	Jan 23	Feb 23	Limited	
Treasury Management, Income Collection and Banking	CFO	✓	✓					
Information Governance – FOI, EIR, SAR and Records Management	CFO	✓	✓					